

**GEORGE – LITTLE ROCK COMMUNITY
SCHOOL DISTRICT
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2016**

GEORGE – LITTLE ROCK COMMUNITY SCHOOL DISTRICT

OFFICIALS

(Before September 2015 Election)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Amy Jurrens	President	2015
Doug Krull	Vice President	2015
Curt Fiedler	Board Member	2015
Ryan Klingenberg	Board Member	2017
Wade Netten	Board Member	2017

(After September 2015 Election)

Doug Krull	President	2019
Curt Fiedler	Vice President	2019
Wade Netten	Board Member	2017
Ryan Klingenberg	Board Member	2017
Todd Klien	Board Member	2019

School Officials

Steven Barber	Superintendent	Indefinite
Cathy Bonestroo	District Secretary/Treasurer and Business Manager	Indefinite
Steve Avery	Attorney	Indefinite

GEORGE – LITTLE ROCK COMMUNITY SCHOOL DISTRICT

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Independent Auditor's Report

To the Board of Education of the
George – Little Rock Community School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of George – Little Rock Community School District, (District), George and Little Rock, Iowa, as of and for the year ended June 30, 2016, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of George – Little Rock Community School District as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions, and the Schedule of Funding Progress for the Retiree Health Plan on pages 8 through 15 and 46 through 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise George – Little Rock Community School District's basic financial statements. The previous audits for June 30, 2007 – 2014 were done by other firms, but were in accordance with the standards referred to in the third paragraph of this report. The financial statements for the years ended June 30, 2007 – 2015 (none of which are presented herein) and expressed an unmodified or unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Governmental Auditing Standards*, we have also issued our report dated February 6, 2017 on our consideration of George – Little Rock Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering George – Little Rock Community School District's internal control over financial reporting and compliance.



Grant and Williams Inc.
Sioux Falls, SD
February 6, 2017

MANAGEMENT’S DISCUSSION AND ANALYSIS

George – Little Rock Community School District provides this Management’s Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2016. We encourage readers to consider this information in conjunction with the District’s financial statements, which follow.

2016 Financial Highlights

- The General Fund revenues increased from \$4,554,953 in fiscal year 2015 to \$4,721,875 in fiscal year 2016, while General Fund expenditures increased from \$4,657,115 in fiscal year 2015 to \$4,863,163 in fiscal 2016. The District’s General Fund balance decreased from \$1,481,027 in fiscal 2015 to \$1,339,739 in fiscal 2016, a 9.54% decrease.
- The fiscal year 2016 increase in General Fund revenues were attributable to increases in state and federal revenue. The increase in expenditures was due primarily to an increase in instruction function as the cost of salaries and employee benefits have increased.

Using this Annual Report

The annual report consists of a series of financial statements and other information, as follows:

Management’s Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District’s financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of the George – Little Rock Community School District as a whole and present an overall view of the District’s finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report George – Little Rock Community School District’s operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining financial statements provide information about activities for which George – Little Rock Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

Notes to the financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison to the District’s budget for the year, the District’s proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Summary of Funding Progress for the Retiree Health Plan.

Supplementary Information provides detailed information about the nonmajor governmental funds and capital project accounts.

REPORTING THE DISTRICT’S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District’s assets, deferred outflows of resources, liabilities and deferred inflows of resources, with

the difference reported as net position. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide financial statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position is an indicator of whether its financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school building and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state aid finance most of these activities.
- *Business-type activities:* The District charges fees to help it cover the costs of certain services it provides. The District's school nutrition program and FFA activities are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

- *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds.

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

- *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, is the same as its business-type activities, but provides more detail and additional information, such as cash flows. The District currently has two Enterprise Funds, the School Nutrition Fund and the FFA Property Fund.

The required financial statements for proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

- *Fiduciary funds:* The District is the trustee, or fiduciary, for assets that belong to others. These funds include Private-Purpose Trust and Agency Funds, as follows:

- Private-Purpose Trust Fund – The District accounts for outside donations for scholarships for individual students in this fund.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

Reconciliations between the government-wide financial statements and the fund financial statements follow the governmental fund financial statements.

Government-wide Financial Analysis

Figure A-1 below provides a summary of the District's net position at June 30, 2016 compared to June 30, 2015.

Figure A-1 Condensed Statement of Net Position (Expressed in Thousands)								
	Governmental Activities		Business type Activities		Total Activities		Total Change	
	June 30,		June 30,		June 30,		June 30,	
	2016	2015	2016	2015	2016	2015	2015 - 2016	
Current and other assets	\$ 7,116	\$ 6,741	\$ 47	\$ 40	\$ 7,163	\$ 6,781	\$ 382	5.63%
Capital assets	6,541	6,392	43	51	6,584	6,443	141	2.19%
Total assets	13,657	13,133	90	91	13,747	13,224	523	3.95%
Deferred outflows of resources	493	300	13	9	506	309	197	63.75%
Long-term Liabilities	2,309	2,630	-	-	2,309	2,630	(321)	(12.205%)
Other Liabilities	2,962	2,510	68	59	3,030	2,569	461	17.94%
Total Liabilities	5,271	5,140	68	59	5,339	5,199	140	2.69%
Deferred inflows of resources	3,518	3,585	17	22	3,535	3,607	(72)	(1.996%)
Net Position								
Net Investment in capital								
assets	3,983	3,567	43	51	4,026	3,618	408	11.28%
Restricted	2,420	2,137	-	-	2,420	2,137	283	13.24%
Unrestricted	(1,042)	(996)	(25)	(32)	(1,067)	(1,028)	(39)	3.79%
Total net position	\$ 5,361	\$ 4,708	\$ 18	\$ 19	\$ 5,379	\$ 4,727	\$ 652	13.79%

The District's total net position increased by 13.79% or approximately \$652,000 the prior year. The largest portion of the District's net position is invested in capital assets (e.g., land, infrastructure, intangibles, buildings, and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net position represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased approximately \$283,000, or 13.24% from the prior year. The increase was primarily a result of the increased revenues in the General Fund.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or the legal requirements – decreased approximately \$39,000 or 3.79%. This decrease in unrestricted net position was primarily a result of the increase in the District's net pension liability.

Figure A-2 shows the changes in net position for the year ended June 30, 2016 compared to the year ended June 30, 2015

Figure A-2
Changes in Net Position
(Expressed in Thousands)

	Governmental Activities		Business-type Activities		Total School District		Total Change
Revenue	2016	2015	2016	2015	2016	2015	2015 - 2016
Program revenue:							
Charges for service	\$ 409	\$ 349	\$ 124	\$ 150	\$ 533	\$ 499	6.81%
Operating grants, contributions and restricted interest	1,013	993	139	132	1,152	1,125	2.40%
Capital grants, contributions and restricted interest	8	10	-	-	8	10	(20.00%)
General revenues:							
Property tax	2,894	2,822	-	-	2,894	2,822	2.55%
Local option sales and service tax	432	418	-	-	432	418	3.35%
Unrestricted state grants	1,592	1,562	-	-	1,592	1,562	1.92%
Other	5	4	-	-	5	4	25.00%
Total revenues	6,353	6,158	263	282	6,616	6,440	2.73%
Program expenses:							
Governmental activities:							
Instruction	3,373	3,258	-	-	3,373	3,258	3.53%
Support service	1,961	1,819	-	-	1,961	1,819	7.81%
Non-instructional programs	-	-	263	267	263	267	(1.50%)
Other expenses	367	406	-	-	367	406	(9.61%)
Total expenses	5,701	5,483	263	267	5,964	5,750	3.72%
Change in net position	652	675	-	15	652	690	(5.51%)
Net position beginning of year, as restated	\$ 4,709	\$ 4,033	\$ 19	\$ 4	4,728	4,037	17.12%
Net position end of year	\$ 5,361	\$ 4,708	\$ 19	\$ 19	\$ 5,380	\$ 4,727	13.81%

In fiscal year 2016, property tax, statewide sales, service and use tax, and unrestricted state grants account for 77.4% of governmental activities revenue while charges for services and operating grants, contributions and restricted interest accounted for 100% of the business type activities revenue. The District's expenses primarily relate to instruction and support services, which account for 93.6% of the total expenses.

The District's total revenues were approximately \$6.616 million, of which \$6.353 million was for governmental activities and approximately \$263,000 was for business type activities.

As shown in Figure A-3, the District as a whole experienced a 2.73% increase in revenues and a 3.72% increase in expenses. Increases in charges for services, local option sales and service tax, and property taxes, have offset the decreases in capital grants and contributions. Increases in expenses were related to instruction and support services due to increases in salaries and benefits.

Governmental Activities

Revenues for governmental activities were \$6,352,764 and expenses were \$6,308,152 for the year ended June 30, 2016. In a difficult budget year, the District was able to balance the budget by trimming expenses to match available revenues.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses, for the year ended June 30, 2016 compared to the year ended June 30, 2015.

Figure A-3 Total and Net Cost of Governmental Activities (Expressed in Thousands)						
	Total Cost of Services			Net Cost of Services		
	2016	2015	Change 2015-2016	2016	2015	Change 2015-2016
Instruction	\$ 3,373	\$ 3,257	3.56%	\$ 2,390	\$ 2,337	2.27%
Support services	1,961	1,819	7.81%	1,712	1,585	8.01%
Non-instructional programs	-	-	0.00%	-	-	0.00%
Other expenses	367	406	(9.61%)	168	209	(19.62%)
Totals	<u>\$ 5,701</u>	<u>\$ 5,482</u>	3.99%	<u>\$ 4,270</u>	<u>\$ 4,131</u>	3.36%

For the year ended June 30, 2016:

- The cost financed by users of the District's programs was \$408,969.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,021,704.
- The net cost of governmental activities was financed with \$3,325,754 in property and other taxes and \$1,591,696 in unrestricted state grants.

Business Type Activities

Revenues for business type activities were \$262,517, representing a 6.81% decrease over the prior year, while expenses totaled \$262,788, a 1.649% decrease over the prior year. The District's business type activities include the School Nutrition Fund and FFA Property. Revenues of these activities were comprised of charges for service, federal and state reimbursements, and investment income. The increase in revenues is a result of FFA sale of cattle, meal price and federal reimbursements increases in the current year. The expenses decreased due to cost of food service operations.

INDIVIDUAL FUND ANALYSIS

As previously noted, George – Little Rock Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$3,411,115, an increase of \$ 44,612. The primary reason for the increase in combined fund balances in fiscal 2016 is due to an increase in the revenues in the General Fund and Nonmajor Special Revenue Funds.

Governmental Fund Highlights

- The District's change in the General Fund financial position is the result of many factors. Increases in taxes and state foundation aid resulted in a decrease in revenues. However, the increase in revenues was more than offset by the District's increases in General Fund and Capital Projects Funds expenditures, requiring the District to use carryover fund balance only for the General Fund to meet its financial obligations during the year.
- The General Fund balance decreased from \$1,481,027 to \$1,339,739, due, in part, to the increase in salaries and benefits and existing expenditure commitments of the District.

- The Debt Service Fund balance increased from \$102,816 in fiscal 2015 to \$103,958 in fiscal 2016. The increase was due to the reduction of payments made on the long term principal and interest in the current year.
- The Capital Projects Fund balance increased due to the increases in property tax and statewide sales, service and use tax in the current year. The District ended fiscal 2015 with a \$1,478,359 balance and ended fiscal 2016 ended with a balance of \$1,605,468.

Proprietary Fund Highlights

School Nutrition Fund cash balance increased from \$13,667 at June 30, 2015 to \$32,288 at June 30, 2016, representing an increase of \$18,590. This is due primarily from decreases in expenses for this year. FFA Property Fund decreased the cash balance from \$21,908 at June 30, 2015 to \$ 681 at June 30, 2016 this is due to an increase in expenses during the year.

BUDGETARY HIGHLIGHTS

The District did not amend its budget during the year, so the original and final budget amounts remain the same.

The District's receipts were \$ 97,212 more than budgeted receipts, with a variance of 1.513%. The most significant variance resulted from the decreases in local sources from the budgeted amounts.

Total expenditures were less than budgeted, due primarily to the District's budget expenditures at the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

The certified budget did not exceed the approved budget and was no amendment to the budget during the year. The General Fund unspent authorized budget was not exceeded.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2016, the District had invested \$6.584 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-4) This represents a net increase of 2.20% from last year. More detailed information about the District's capital assets is presented in Note 6 to the financial statements. Depreciation expense for the year was \$269,398.

The original cost of the District's capital assets was \$11.280 million. Governmental funds account for \$11.054 million, with the remainder of \$.226 million accounted for in the Proprietary – School Nutrition Fund.

The largest change in capital asset activity during the year occurred with building and improvements of \$373,739 and \$37,368 of furniture and equipment in fiscal year 2016.

Figure A-4
Capital Assets, net of Depreciation
(expressed in thousands)

	Governmental Activities		Business type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2016	2015	2016	2015	2016	2015	2015 - 2016
Land	\$ 49	\$ 49	\$ -	\$ -	\$ 49	\$ 49	0.00%
Buildings	4,985	5,088	-	-	4,985	5,088	(2.02%)
Improvements other than building	394	76	-	-	394	76	418.42%
Furniture and Equipment	1,113	1,178	43	51	1,156	1,229	(5.94%)
Totals	<u>\$6,541</u>	<u>\$6,391</u>	<u>\$ 43</u>	<u>\$ 51</u>	<u>\$6,584</u>	<u>\$6,442</u>	2.20%

Long-Term Debt

At June 30, 2016, the District had \$2,630,000 in general obligation and other long-term debt outstanding compared to \$2,961,731 last year. This represents a decrease of 11.201% from last year. (See Figure A-5) Additional information about the District's long-term debt is presented in Note 7 to the financial statements.

The District continues to carry a general obligation bond rating of Aa3 assigned by national rating agencies to the District's debt. The Constitution of the State of Iowa limits the amount of general obligation debt districts can issue to 5 percent of the assessed value of all taxable property within the District. The District's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$22.1 million.

In March 2005, the District's voters authorized the issuance of \$4,360,000 in general obligation bonds to pay for construction of the additions to buildings in George and Little Rock. The District refinanced the general obligation bonds in December 2011. The District had total outstanding bonded indebtedness at June 30, 2016 of \$2,550,000.

The District also had early retirement obligations of \$80,000 at June 30, 2016 with \$56,000 due in FY 2017 and \$24,000 long term.

Figure A-5
Outstanding Long-Term Obligations

	Total School District		Total Change
	June 30,		June 30,
	2016	2015	2015 - 2016
General Obligation Bonds	2,550,000	2,815,000	(9.414%)
Early Retirement	80,000	146,731	(45.478%)
Totals	<u>\$2,630,000</u>	<u>\$2,961,731</u>	(11.201%)

Economic Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- The Counties that the District operates in have advised the District of its total taxable valuation will increase 8% for property tax collected in fiscal year 2017 due to increase in

land values and the recent completion of property revaluation assessments.

- District enrollment remained the same in fiscal year 2015-2016 with a budget enrollment of 442 students. Under Iowa's school finance formula, funding is highly dependent upon enrollment. During the 2015-2016 school year, George – Little Rock students who open enrolled out to other districts was 35 and there were 14 students open enrolled into the District. Because George – Little Rock is the resident district, the student is counted for state funding, but then funding is paid to the receiving district. Future enrollment stability is a critical element in maintaining a sound financial foundation.
- During fiscal 2016, the District decided on a one-year contract with George-Little Rock Education Association due to the unknown factors of state funding and number of students enrolled. The District will negotiate a new agreement each year until funding and enrollment stabilizes. Settlements in excess of "new money" or allowable growth in state funding will have an adverse effect on the District's General Fund budget and related fund balance.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Cathy Bonestroo, Board Secretary/Business Manager at the George – Little Rock Community School District, 500 E. Indiana Ave., George, IA 51237 or 712-475-3311.

BASIC FINANCIAL STATEMENTS

George – Little Rock Community School District

George - Little Rock Community School District
Statement of Net Position
Year Ended June 30, 2016

Exhibit A

	Governmental Activities	Business Type Activities	Totals
Assets			
Cash, cash equivalents and pooled investments	\$ 3,839,850	\$ 32,969	\$ 3,872,819
Receivables:			
Property tax:			
Delinquent	26,288	-	26,288
Succeeding year	2,774,994	-	2,774,994
Local option sales taxes	71,010	-	71,010
Accounts Receivable	115,771	-	115,771
Due from other governments	287,588	-	287,588
Inventories	-	14,398	14,398
Capital assets, net of accumulated depreciation	6,541,409	43,374	6,584,783
Total assets	13,656,910	90,741	13,747,651
Deferred Outflows of Resources			
Pension related deferred outflows	492,874	13,225	506,099
Liabilities			
Accounts payable	203,160	537	203,697
Salaries and benefits payable	438,644	8,291	446,935
Accrued interest payable	8,775	-	8,775
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	265,000	-	265,000
Early retirement	56,000	-	56,000
Portion due after one year:			
General obligation bonds payable	2,285,000	-	2,285,000
Net pension liability	1,990,736	58,824	2,049,560
Early retirement	24,000	-	24,000
Total liabilities	5,271,315	67,652	5,338,967
Deferred Inflows of Resources			
Unavailable property tax revenue	2,774,994	-	2,774,994
Pension related deferred inflows	454,931	13,789	468,720
Other unavailable	287,588	3,667	291,255
	3,517,513	17,456	3,534,969
Net Position			
Net investment in capital assets	3,982,634	43,374	4,026,008
Restricted for:			
Categorical funding	428,903	-	428,903
Debt Service	1,498,368	-	1,498,368
Management levy	177,168	-	177,168
Student activities	41,835	-	41,835
Physical plant and equipment	62,947	-	62,947
Capital projects	211,058	-	211,058
Unrestricted	(1,041,957)	(24,516)	(1,066,473)
Total net position	\$ 5,360,956	\$ 18,858	\$ 5,379,814

See notes to financial statements.

George - Little Rock Community School District
Statement of Activities
Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues		
		Charges for Service	Operating Grants Contributions and Restricted Interest	Capital Grants Contributions and Restricted Interest
Governmental activities:				
Instruction:				
Regular instruction	\$ 2,342,826	\$ 143,590	\$ 467,609	\$ -
Special instruction	529,245	20,315	98,385	-
Other instruction	500,976	241,015	12,427	-
	<u>3,373,047</u>	<u>404,920</u>	<u>578,421</u>	<u>-</u>
Support services:				
Student services	142,766	-	75,740	-
Instructional staff services	163,263	-	-	-
Administration services	687,446	-	-	-
Operation and maintenance of plant services	659,512	4,049	168,499	-
Transportation services	308,063	-	889	-
	<u>1,961,050</u>	<u>4,049</u>	<u>245,128</u>	<u>-</u>
Non-instructional programs	-	-	-	-
Other expenses:				
Facilities acquisition	118,278	-	-	8,421
Long-term debt interest	58,507	-	-	-
AEA flow-through	189,734	-	189,734	-
	<u>366,519</u>	<u>-</u>	<u>189,734</u>	<u>8,421</u>
Total governmental activities	<u>5,700,616</u>	<u>408,969</u>	<u>1,013,283</u>	<u>8,421</u>
Business type activities:				
Non-instructional programs:				
FFA Property	23,183	553	-	-
Food service operations	239,605	123,247	138,689	-
Total	<u>\$ 5,963,404</u>	<u>\$ 532,769</u>	<u>\$ 1,151,972</u>	<u>\$ 8,421</u>
General Revenues:				
Property tax levied for:				
General purposes				
Debt service				
Statewide sales, services and use tax				
Unrestricted state grants				
Unrestricted investment earnings				
Total general revenues				
Change in net position				
Net position beginning of year				
Net position end of year				

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business Type Activities	Total
\$ (1,731,627)	\$ -	\$ (1,731,627)
(410,545)	-	(410,545)
(247,534)	-	(247,534)
(2,389,706)	-	(2,389,706)
(67,026)	-	(67,026)
(163,263)	-	(163,263)
(687,446)	-	(687,446)
(486,964)	-	(486,964)
(307,174)	-	(307,174)
(1,711,873)	-	(1,711,873)
-	-	-
(109,857)	-	(109,857)
(58,507)	-	(58,507)
-	-	-
(168,364)	-	(168,364)
(4,269,943)	-	(4,269,943)
-	(22,630)	(22,630)
-	22,331	22,331
(4,269,943)	(299)	(4,270,242)
2,569,521	-	2,569,521
324,217	-	324,217
432,016	-	432,016
1,591,696	-	1,591,696
4,641	28	4,669
4,922,091	28	4,922,119
652,148	(271)	651,877
4,708,808	19,129	4,727,937
\$ 5,360,956	\$ 18,858	\$ 5,379,814

George - Little Rock Community School District
Balance Sheet
Governmental Funds
June 30, 2016

Exhibit C

	General	Debt Service	Capital Projects	Nonmajor Special Revenue	Total
Assets					
Cash, cash equivalents and pooled investments	\$ 1,833,687	\$ 100,709	\$ 1,540,670	\$ 364,784	\$ 3,839,850
Receivables:					
Property tax:					
Delinquent	18,093	3,249	2,532	2,414	26,288
Succeeding year	1,900,926	320,719	322,584	230,765	2,774,994
Local option sales taxes	-	-	71,010	-	71,010
Accounts	115,755	-	-	16	115,771
Due from other governments	184,878	-	102,710	-	287,588
Total assets	<u>4,053,339</u>	<u>424,677</u>	<u>2,039,506</u>	<u>597,979</u>	<u>7,115,501</u>
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	192,276	-	8,744	2,140	203,160
Salaries and benefits payable	435,520	-	-	3,124	438,644
Total liabilities	<u>627,796</u>	<u>-</u>	<u>8,744</u>	<u>5,264</u>	<u>641,804</u>
Deferred inflows of resources					
Unavailable revenues:					
Succeeding year property tax	1,900,926	320,719	322,584	230,765	2,774,994
Other	184,878	-	102,710	-	287,588
Total deferred inflows of resources	<u>2,085,804</u>	<u>320,719</u>	<u>425,294</u>	<u>230,765</u>	<u>3,062,582</u>
Fund balances:					
Restricted for:					
Categorical funding	428,903	-	-	-	428,903
Debt service	-	103,958	1,394,410	-	1,498,368
Management levy	-	-	-	257,168	257,168
Student activities	-	-	-	41,835	41,835
Public education recreation	-	-	-	62,947	62,947
Physical plant and equipment	-	-	211,058	-	211,058
Assigned for:					
Casino Funds	711,287	-	-	-	711,287
Unassigned	199,549	-	-	-	199,549
Total fund balances	<u>1,339,739</u>	<u>103,958</u>	<u>1,605,468</u>	<u>361,950</u>	<u>3,411,115</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,053,339</u>	<u>\$ 424,677</u>	<u>\$ 2,039,506</u>	<u>\$ 597,979</u>	<u>\$ 7,115,501</u>

See notes to financial statements.

George - Little Rock Community School District
Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position
June 30, 2016

Exhibit D

Total fund balances of governmental funds (page 20) \$ 3,411,115

Amounts reported for governmental activities in the Statements of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. 6,541,409

Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds. (8,775)

Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:

Deferred outflows of resources	492,874	
Deferred inflows of resources	(454,931)	37,943

Long-term liabilities, including bonds and notes payable, compensated absences and other postemployment benefits payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds. (4,620,736)

Net assets of governmental activities (page 17) \$ 5,360,956

See notes to financial statements.

George - Little Rock Community School District
Statement of Revenues, Expenditures and Changes in
Fund Balances - Governmental Funds
Year Ended June 30, 2016

Exhibit E

	General	Debt Service	Capital Projects	Nonmajor Special Revenue	Total
Revenues:					
Local sources:					
Local tax	\$ 1,967,934	\$ 324,216	\$ 362,907	\$ 238,679	\$ 2,893,736
Tuition	99,053	-	-	-	99,053
Other	224,113	218	13,464	255,058	492,853
State sources	2,233,815	1,741	433,373	1,233	2,670,162
Federal sources	196,960	-	-	-	196,960
Total Revenues	4,721,875	326,175	809,744	494,970	6,352,764
Expenditures:					
Current:					
Instruction:					
Regular instruction	2,167,340	-	-	286,324	2,453,664
Special instruction	541,839	-	-	-	541,839
Other instruction	513,239	-	-	-	513,239
	3,222,418	-	-	286,324	3,508,742
Support services:					
Student services	128,577	-	18,113	-	146,690
Instructional staff services	149,640	-	-	-	149,640
Administration services	578,160	1,000	124,644	-	703,804
Operation and maintenance of plant services	340,729	-	27,250	126,264	494,243
Transportation services	253,905	-	27,350	17,994	299,249
	1,451,011	1,000	197,357	144,258	1,793,626
Non-instructional programs	-	-	-	-	-
Other expenditures:					
Facilities acquisition	-	-	485,278	6,739	492,017
Long-term debt principal	-	265,000	-	-	265,000
Long-term debt interest	-	59,033	-	-	59,033
AEA flow-through	189,734	-	-	-	189,734
	189,734	324,033	485,278	6,739	1,005,784
Total expenditures	4,863,163	325,033	682,635	437,321	6,308,152
Net change in fund balances	(141,288)	1,142	127,109	57,649	44,612
Fund balances beginning of year	1,481,027	102,816	1,478,359	304,301	3,366,503
Fund balances end of year	\$ 1,339,739	\$ 103,958	\$ 1,605,468	\$ 361,950	\$ 3,411,115

See notes to financial statements.

George - Little Rock Community School District
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances - Governmental Funds to the Statement of Activities
Year ended June 30, 2016

Exhibit F

Net change in fund balance - total governmental funds (page 22) \$ 44,612

Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Net Position and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	411,107	
Depreciation expense	(261,419)	149,688

Proceeds from issuing long-term liabilities provided current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year repayments exceeded issues, as follows:

Repaid	265,000	265,000
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Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the governmental funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.

525

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds, as follows:

Pension expense	125,592	
Early retirement	66,731	192,323

Change in net position of governmental activities (page 19) \$ 652,148

See notes to financial statements.

George - Little Rock Community School District
Statement of Net Position
Proprietary Funds
June 30, 2016

Exhibit G

	School Nutrition	FFA Property	Totals
Assets			
Cash and cash equivalents	\$ 32,288	\$ 681	\$ 32,969
Inventories	3,789	10,609	14,398
Capital assets, net of accumulated depreciation	43,374	-	43,374
Total assets	<u>79,451</u>	<u>11,290</u>	<u>90,741</u>
Deferred Outflows of Resources			
Pension related deferred outflows	13,225	-	13,225
Liabilities			
Accounts payable	-	537	537
Deferred revenue	3,667	-	3,667
Net pension liability	58,824	-	58,824
Salaries and benefits payable	8,291	-	8,291
Total Liabilities	<u>70,782</u>	<u>537</u>	<u>71,319</u>
Deferred Inflows of Resources			
Pension related deferred inflows	13,789	-	13,789
Net Position			
Net investment in capital assets	43,374	-	43,374
Unrestricted	(35,269)	10,753	(24,516)
Total net position	<u>\$ 8,105</u>	<u>\$ 10,753</u>	<u>\$ 18,858</u>

See notes to financial statements.

George - Little Rock Community School District
Statement of Revenues, Expenses and Changes in
Fund Net Position - Proprietary Funds
Year Ended June 30, 2016

Exhibit H

	School Nutrition	FFA Property	Totals
Operating revenues:			
Local sources:			
Charges for service	\$ 123,247	\$ 553	\$ 123,800
Operating expenses:			
Non-instructional programs:			
Operations:			
Salaries	74,253	-	74,253
Benefits	9,477	-	9,477
Purchased services	3,266	7,870	11,136
Supplies	144,630	15,313	159,943
Depreciation	7,979	-	7,979
Total operating expenses	239,605	23,183	262,788
Operating (loss) income	(116,358)	(22,630)	(138,988)
Non-operating revenues:			
State sources	2,224	-	2,224
Federal sources	136,465	-	136,465
Interest income	28	-	28
Total non-operating revenues	138,717	-	138,717
Change in net position	22,359	(22,630)	(271)
Net position beginning of year, as restated	(14,254)	33,383	19,129
Net position end of year	\$ 8,105	\$ 10,753	\$ 18,858

See notes to financial statements.

George - Little Rock Community School District
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2016

EXHIBIT I

	School Nutrition	FFA Property	Totals
Cash flows from operating activities:			
Cash received from sales	\$ 124,285	\$ 553	\$ 124,838
Cash paid to employees for services	(99,265)	-	(99,265)
Cash paid to suppliers for goods or services	(125,606)	(21,780)	(147,386)
Net cash used by operating activities	(100,586)	(21,227)	(121,813)
Cash flows from non-capital financing activities:			
State grants received	2,224	-	2,224
Federal grants received	116,925	-	116,925
Net cash provided by non-capital financing activities	119,149	-	119,149
Cash flows from investing activities:			
Interest on investments	28	-	28
Net increase (decrease) in cash and cash equivalents	18,591	(21,227)	(2,636)
Cash and cash equivalents beginning of year	13,697	21,908	35,605
Cash and cash equivalents end of year	\$ 32,288	\$ 681	\$ 32,969
Reconciliation of operating loss to net cash used by operating activities			
Operating (loss) income	(116,358)	(22,630)	(138,988)
Adjustments to reconcile operating loss to net cash provided by operating activities			
Commodities used	19,540	-	19,540
Depreciation	7,979	-	7,979
(Increase) decrease in inventories	2,750	1,096	3,846
Increase (decrease) in accounts payable	-	307	307
Increase (decrease) in salaries and benefits payable	1,187	-	1,187
Increase (decrease) in deferred revenues	1,038	-	1,038
Increase (decrease) in net pension liability	(2,722)	-	(2,722)
Increase (decrease) in due to other governments	(14,000)	-	(14,000)
Net cash used in operating activities	\$ (100,586)	\$ (21,227)	\$ (121,813)

Non-cash investing, capital and financing activities:

During the year ended June 30, 2015 the District received \$19,540 of federal commodities.

See notes to financial statements.

George - Little Rock Community School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

Exhibit J

	Private Purpose Trust <u>Scholarship</u>
Assets	
Cash and cash equivalents	0.00
Total Assets	<u>0.00</u>
 Net position	
Restricted for scholarships	<u>0.00</u>

See notes to financial statements.

George - Little Rock Community School District
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year ended June 30, 2016

Exhibit K

	Private Purpose Trust <u>Scholarship</u>
Additions:	
Local sources:	
Gifts and contributions	5,856
Total Additions	<u> </u>
Deductions:	
Instructions:	
Regular:	
Scholarships awarded	5,856
	<u> </u>
Change in net position	-
Net position beginning of year	<u> </u>
Net position end of year	<u><u> </u></u>

See notes to financial statements.

GEORGE – LITTLE ROCK COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2016

(1) Summary of Significant Accounting Policies

The George – Little Rock Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. The geographic area served includes the cities of George and Little Rock, Iowa and the predominately agricultural territory in Lyon, Sioux and Osceola Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, George – Little Rock Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The George – Little Rock Community School District has no component unit, which meet the Governmental Accounting Standards Board criteria.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely, to a significant extent on fees and charges for service.

The Statement of Net Position presents the District's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position often has constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. Combining schedules are also included for the Capital Project Fund accounts.

The District reports the following major governmental funds:

The General Fund is the main operating fund of the District. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Debt Service Fund is utilized to account for the property tax and other revenues to be used for payment of interest and principal on the District's general long-term debt.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

The District reports the following major proprietary funds:

The Enterprise – School Nutrition Fund is used to account for the food service operations of the District. The other Enterprise – FFA Property Fund is used to account for the FFA cattle raising operations.

The District also reports fiduciary funds which focus on net position and changes in net position. The District's fiduciary fund is the Private Purpose Trust Fund which is used to account for assets held by the District under trust agreements which require the income to be used to benefit individuals through scholarship awards.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year-end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund – School Nutrition are charges to customers for sales and services. Operating expenses for Enterprise Fund – School Nutrition include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Deferred Outflows of Resources Liabilities, Deferred Inflows of Resources and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which are valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax

receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments, is based on January 1, 2014 assessed property valuations, is for the tax accrual period July 1, 2015 through June 30, 2016 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2015.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets – Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activity columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 2,500
Buildings	2,500
Improvements other than buildings	2,500
Furniture and equipment:	
School Nutrition Fund equipment	2,500
Other furniture and equipment	2,500

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings	100 years
Improvements other than buildings	15 - 50 years
Furniture and equipment:	3 - 15 years

Deferred Outflow of Resources – Deferred outflows of resources represent a consumption of net position that applies to a future year(s) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the District after the measurement date but before the end of the District’s reporting period.

Salaries and Benefits Payable – Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Long-term liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activity column in the Statement of Net Position.

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees’ Retirement System (IPERS) and additions to/deductions from IPERS’ fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflow of Resources – Deferred inflows of resources represent an acquisition of net position that applies to a future year(s) which will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred inflows of resources in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consists of succeeding year property tax receivable that will not be recognized until the year for which it is levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

Fund Equity – In the governmental fund financial statements, fund balance are classified as follows:

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal law or are imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts which can be used for specific purposes determined pursuant to constraints formally imposed by the Board of Education through resolution approved prior to year-end. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same action it employed to commit those amounts.

Unassigned – All amounts not included in other spendable classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2016, expenditures did not exceed the amounts budgeted for the fiscal year 2015-2016 and the District did not exceed its General Fund unspent authorized budget.

(2) Cash, Cash Equivalents and Pooled Investments

The District's deposits in banks at June 30, 2016 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2016, the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at an amortized cost of \$389,310 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Schools Joint Investment Trust were rated AAAM by Standard & Poor's Financial Services.

(3) Due From and Due to Other Funds

The School Nutrition Fund repaid the General for an advance to pay expenditures of the Fund in June 2016. There are no other interfund receivables or payables at June 30, 2016.

(4) Interfund Transfers

There were no interfund transfers for the year ended June 30, 2016.

(5) Categorical Funding

The District's restricted fund balance for categorical funding at June 30, 2016 is comprised of the following programs:

<u>Program</u>	
Gifted and Talented Program	\$ 71,823
Preschool/State Aid	258,853
Early Literacy	29,769
Professional Development Core Curriculum	32,117
Educator Quality, Professional Development	36,341
	<u>\$ 428,903</u>

(6) **Capital Assets**

Capital assets activity for the year ended June 30, 2016 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 49,270	\$ -	\$ -	\$ 49,270
Total capital assets not being depreciated	49,270	-	-	49,270
Capital assets being depreciated:				
Buildings	7,567,669	35,420	-	7,603,089
Improvements other than buildings	502,243	338,319	-	840,562
Furniture and equipment	2,523,611	37,368	-	2,560,979
Total capital assets being depreciated	10,593,523	411,107	-	11,004,630
Less accumulated depreciation for:				
Buildings	2,479,657	138,534	-	2,618,191
Improvements other than buildings	426,045	20,761	-	446,806
Furniture and equipment	1,345,370	102,124	-	1,447,494
Total accumulated depreciation	4,251,072	261,419	-	4,512,491
Total capital assets being depreciated, net	6,342,451	149,688	-	6,492,139
Governmental activities capital assets, net	\$ 6,391,721	\$ 149,688	\$ -	\$ 6,541,409
Business type activities:				
Furniture and equipment	\$ 225,969	\$ -	\$ -	\$ 225,969
Less accumulated depreciation	(174,616)	(7,979)	-	(182,595)
Business type activities capital assets, net	\$ 51,353	\$ (7,979)	\$ -	\$ 43,374

Depreciation expense was charged to the following functions:

Governmental activities:

Instruction:

Regular

\$ 19,928

Support services:

Instructional staff

21,466

Operation and maintenance of plant

176,455

Transportation

43,570

Total depreciation expense - governmental activities

\$ 261,419

Business type activities:

Food service operations

\$ 7,979

(7) **Long-Term Liabilities**

Changes in long-term liabilities for the year ended June 30, 2016 are summarized as follows:

	Balance Beginning of Year			Additions	Reductions	Balance End of Year	Due Within One Year
Governmental Activities:							
General Obligation	\$ 2,815,000	\$	-	\$	265,000	\$ 2,550,000	\$ 265,000
Early Retirement	146,731		-		66,731	80,000	56,000
Net Pension Liability	1,722,097		268,639		-	1,990,736	-
Total	\$ 4,683,828	\$	268,639	\$	331,731	\$ 4,620,736	\$ 321,000
	Balance Beginning of Year			Additions	Reductions	Balance End of Year	Due Within One Year
Business Type Activities:							
Net Pension Liability	\$ 51,191	\$	7,633	\$	-	\$ 58,824	\$ -
	\$ 51,191	\$	7,633	\$	-	\$ 58,824	\$ -

General Obligation Bonds

Details of the District's June 30, 2016 general obligation bonded indebtedness are as follows:

Year Ending June, 30	Interest Rates	Bond Issue December 6, 2011		
		Series 2011		
		Principal	Interest	Total
2017	1.35%	\$ 265,000	\$ 55,220	\$ 320,220
2018	1.60%	270,000	51,643	321,643
2019	1.80%	280,000	47,323	327,323
2020	2.00%	290,000	42,283	332,283
2021	2.20%	295,000	36,483	331,483
2022-2025	2.40 - 2.85%	1,150,000	73,560	1,223,560
		\$2,550,000	\$ 306,510	\$2,856,510

During the year ended June 30, 2016, the District made principal payment of \$265,000 and \$58,532.50 interest payments for General Obligation Bonds.

(8) **Termination Benefits**

In each fiscal year ending June 2014, 2015 and 2016 years the District approved a voluntary early retirement plan to its employees. Each plan was only offered to employees for one year. Eligible employees must have completed at least fifteen years of continuous service in the district and must have reached the age of fifty-five on or before June 30 in the calendar year in which early retirement commences. The application for early retirement was subject to approval by the Board of Directors by February 1 of the applicable year.

The benefit is \$24,000 paid as a HRA (Health Reimbursement Arrangement) account in three \$8,000 increments by June 30 of each of the next three consecutive years. There are four persons that were approved for early retirement in the 2014 plan year. There are three persons

that were approved for early retirement in the 2015 plan year. During the current year there were no persons that were approved for early retirement.

At June 30, 2016, the District has obligations to seven participants with a total liability of \$80,000. Actual early retirement expenditures for the year ended June 30, 2016 totaled \$66,731. Details of the early retirement obligations at June 30, 2016 are as follows:

Year Ending	Compensation	Total
2017	\$ 56,000	\$ 56,000
2018	24,000	24,000
	<u>\$ 80,000</u>	<u>\$ 80,000</u>

(9) Pension Plan

Plan Description – IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive, P.O. Box 9117, Des Moines, IA, 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary).

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits – A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member’s beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member’s accrued benefits or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions – Contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS’ Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS’ Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the “entry age normal” actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2016, pursuant to the required rate, Regular members contributed 5.95% of pay and the District contributed 8.93% for a total rate of 14.88%.

The District’s contributions to IPERS for the year ended June 30, 2016 were \$266,345.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions – At June 30, 2016, the District reported a liability of \$2,049,560 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportion of the net pension liability was based on the District’s share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2015, the District’s proportion was 0.041227 percent, which was a decrease of 0.002590 from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$146,544. At June 30, 2016, the District Reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 30,966	\$ -
Changes of Assumptions	56,430	-
Net difference between projected and actual earnings on pension plan investments	-	468,720
Changes in proportion and differences between District contributions and proportionate share of contributions	152,566	-
District contributions subsequent to the measurement date	266,137	-
Total	<u>\$ 506,099</u>	<u>\$ 468,720</u>

The District reported \$266,345 as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a

reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Year Ended June 30,	
2016	\$	(91,779)
2017		(91,779)
2018		(91,779)
2019		57,989
2020		(5,794)
Total	\$	<u>(223,141)</u>

Actuarial Assumptions – The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation (effective June 30, 2014)	3.00% per annum.
Rates of Salary increase (effective June 30, 2010)	4.00 to 17.00% average, including inflation Rates vary by membership group
Long-term Investment rate of return (effective June 30, 1996)	7.50% compounded annually, net of investment expense, including inflation
Wage growth (effective June 30, 1990)	4.00% per annum, based on 3.00% inflation and 1.00% real wage inflation.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Core Plus Fixed Income	28%	2.04%
Domestic Equity	24%	6.29%
International equity	16%	6.75%
Private Equity/debt	11%	11.32%
Real Estate	8%	3.48%
Credit Opportunities	5%	3.63%
U.S. TIPS	5%	1.91%
Other Real Assets	2%	6.24%
Cash	1%	(0.71)%
Total	100%	

Discount Rate – The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the District’s Proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.5%) or 1% higher (8.5%) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
District's proportionate share of the net pension liability	\$ 3,588,411	\$ 2,049,560	\$ 750,660

Pension Plan Fiduciary Net Position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS’ website at www.ipers.org.

Payables to the Pension Plan – At June 30, 2016, the District reported payables to the defined benefit pension plan of \$ 0 for legally required employer contributions and \$ 0 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

(10) **Other Postemployment Benefits (OPEB)**

Plan Description – The District offers a single-employer health benefit plan which provides medical and prescription benefits for employees, retirees and their spouses. There are 113 active and 7 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with the District's health insurance provider. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy – The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation – The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2016, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual OPEB Cost	\$ 108,000
Employer Contributions	(56,000)
Increase in net OPEB obligation	52,000
Net OPEB obligation beginning of year	163,000
Net OPEB obligation end of year	<u>\$ 215,000</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of the year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2016.

For the year ended June 30, 2016, the District contributed \$0 to the medical plan. Plan members eligible for benefits contributed \$0, or 0% of the premium costs.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2016 are summarized as follows:

Year Ended June 30,	Annual OPEB Costs	of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 71,000	52%	\$ 142,000
2015	71,000	41%	163,000
2016	108,000	34%	215,000

Funding Status and Funding Progress – As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2015 through June 30, 2016, the actuarial accrued liability was approximately \$1.025 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1.025 million. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$2,962,000 and the ratio of the UAAL to covered payroll was 34.60%. As of June 30, 2016, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to

continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of July 1, 2015 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 5% discount rate based on the District's funding policy. The projected annual medical trend rate is 11.00%. The ultimate medical trend rate is 6.00%. The medical trend rate is reduced 0.5% each year until reaching the 6% ultimate trend rate. An inflation rate of 0% is assumed for the purpose of this computation.

Mortality rates are from the RP2000 Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2014 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2014.

Projected claim costs of the medical plan are \$647 per month for retirees less than 65. The salary increase rate was assumed to be 3.5% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(11) Risk Management

The District is exposed to various risks of loss related to torts, theft, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(12) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$187,713 for the year ended June 30, 2016, and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(13) Operating Lease

As of June 30, 2016, the District is leasing copiers under operating lease agreement with an office equipment company. The lease was entered into on August 2013 with monthly payments of \$507.48 made on the 6th of each month and the final payment to be made on August 6, 2016. The future minimum payments required for the existing operating leases will be \$1,014.96 for the fiscal year 2016-2017.

As of June 5, 2015, the District signed a new lease agreement with VAR Resources to provide student with Dell Latitudes. The lease annual payments will be \$60,997.32 per year starting in July 2015 through July 2018 totaling \$182,992. The future minimum payments are as follows:

Year Ending June, 30	Principal	Total
2017	\$ 60,997.32	\$ 60,997.32
2018	60,997.32	60,997.32
	<u>\$ 121,994.64</u>	<u>\$ 121,994.64</u>

(14) Subsequent Events

The District has evaluated for subsequent events through February 6, 2017, the date which the financial statements were available to be issued. The District is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

George – Little Rock Community School District

Required Supplementary Information

George - Little Rock Community School District
 Budgetary Comparison Schedule of Revenues, Expenditures and Changes in Balances -
 Budget and Actual - All Governmental Funds and Proprietary Funds
 Required Supplementary Information
 Year ended June 30, 2016

	Governmental Funds Actual	Proprietary Funds Actual
Revenues:		
Local Sources	\$ 3,485,642	\$ 123,828
State sources	2,670,162	2,224
Federal sources	196,960	136,465
Total revenues	<u>6,352,764</u>	<u>262,517</u>
Expenditures		
Instruction	3,508,742	23,183
Support services	1,793,626	-
Non-instructional programs	-	239,605
Other expenditures	1,005,784	-
Total expenditures	<u>6,308,152</u>	<u>262,788</u>
Excess (deficiency) of revenues over (under) expenditures	44,612	(271)
Other financing sources, net	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	44,612	(271)
Balances beginning of year	<u>3,366,503</u>	<u>19,129</u>
Balances end of year	<u><u>\$ 3,411,115</u></u>	<u><u>\$ 18,858</u></u>

See accompanying independent auditor's report.

Total Actual	Budgeted Amounts		Final to Actual Variance
	Original	Final	
\$ 3,609,470	\$ 3,984,255	\$ 3,984,255	\$ (374,785)
2,672,386	2,271,814	2,271,814	400,572
333,425	262,000	262,000	71,425
6,615,281	6,518,069	6,518,069	97,212
3,531,925	3,897,500	3,897,500	365,575
1,793,626	1,914,850	1,914,850	121,224
239,605	265,000	265,000	25,395
1,005,784	1,179,860	1,179,860	174,076
6,570,940	7,257,210	7,257,210	686,270
44,341	(739,141)	(739,141)	783,482
-	2,000	2,000	2,000
44,341	(737,141)	(737,141)	(781,482)
3,385,632	3,078,563	3,078,563	307,069
\$ 3,429,973	\$ 2,341,422	\$ 2,341,422	\$ (474,413)

George – Little Rock Community School District
Notes to Required Supplementary Information – Budgetary Reporting
Year ended June 30, 2016

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standard Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. There were no budget amendments adopted by the District during the school year.

The District did not exceed the amounts of the amended budget and the District did not exceed its General Fund unspent authorized budget.

George - Little Rock Community School District
Schedule of the District's Proportionate Share of the Net Pension Liability
Iowa Public Employees' Retirement System
For the Last Two Years*
(In Thousands)
Required Supplementary Information

	<u>2016</u>	<u>2015</u>
District's proportion of the pension liability	0.0447133%	0.0438164%
District's proportionate share of the net pension liability	\$ 2,050	\$ 1,773
District's covered-employee payroll	\$ 2,958	\$ 2,842
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	69.30%	62.39%
Plan fiduciary net position as a percentage of the total pension liability	85.19%	87.61%

In accordance with GASB Statement No. 68, the amounts presented for each fiscal year

* were determined as of June 30 of the preceding year.

See accompanying independent auditor's report.

George - Little Rock Community School District
Schedule of the District's Contributions
Iowa Public Employees' Retirement System
Last 10 Fiscal Years
(In Thousands)
Required Supplementary Information

	2016	2015	2014	2013
Statutorily Required Contribution	\$ 266	\$ 256	\$ 256	\$ 251
Contributions in relation to the statutorily required contribution	(266)	(256)	(256)	(251)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 2,958	\$ 2,842	\$ 2,895	\$ 2,894
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.93%	8.67%

See accompanying independent auditor's report.

2012	2011	2010	2009	2008	2007
\$ 258	\$ 191	\$ 179	\$ 177	\$ 172	\$ 155
(258)	(191)	(179)	(177)	(172)	(155)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 3,199	\$ 2,750	\$ 2,690	\$ 2,782	\$ 2,847	\$ 2,689
8.07%	6.95%	6.65%	6.35%	6.05%	5.75%

George – Little Rock Community School District
Notes to Required Supplementary Information – Pension Liability
Year Ended June 30, 2016

Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

Legislative action in 2008 transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate in the calculation of the UAL amortization payments

George – Little Rock Community School District
Schedule of Funding Progress for the Retiree Health Plan
Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b- a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b- a)/c)
2009	July 1, 2009	-	1,209,000	1,209,000	0.00%	2,771,302	43.63%
2010	July 1, 2009	-	1,209,000	1,209,000	0.00%	2,650,137	45.62%
2011	July 1, 2009	-	1,209,000	1,209,000	0.00%	2,704,346	44.71%
2012	July 1, 2012	-	753,000	753,000	0.00%	2,831,689	26.59%
2013	July 1, 2012	-	753,000	753,000	0.00%	2,853,689	26.39%
2014	July 1, 2012	-	753,000	753,000	0.00%	2,934,716	25.66%
2015	July 1, 2012	-	753,000	753,000	0.00%	2,913,932	25.84%
2016	July 1, 2015	-	1,025,000	1,025,000	0.00%	2,962,077	34.60%

See Note 10 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.

George – Little Rock Community School District

Supplementary Information

George - Little Rock Community School District
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

Schedule 1

	Special Revenue			Total
	Management Levy	Student Activity	Public Education Recreation Levy	
Assets				
Cash and cash equivalents:				
Cash	\$ 255,542	\$ 37,244	\$ 66,998	\$ 359,784
Investments	-	5,000	-	5,000
Receivables:				
Property tax:				
Delinquent	2,126	-	288	2,414
Succeeding year	200,001	-	30,764	230,765
Accounts	-	16	-	16
Total assets	457,669	42,260	98,050	597,979
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	500	425	1,215	2,140
Salaries and benefits payable	-	-	3,124	3,124
Total liabilities	500	425	4,339	5,264
Deferred inflows of resources				
Unavailable revenues:				
Succeeding year property tax	200,001	-	30,764	230,765
Total deferred inflows of resources	200,001	-	30,764	230,765
Fund equity:				
Management levy purposes	257,168	-	-	257,168
Student activities	-	41,835	-	41,835
Public education recreation levy	-	-	62,947	62,947
Total fund balances	257,168	41,835	62,947	361,950
Total liabilities, deferred inflows of resources and fund balances	\$ 457,669	\$ 42,260	\$ 98,050	\$ 597,979

See accompanying independent auditor's report.

George - Little Rock Community School District
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year ended June 30, 2016

Schedule 2

	Special Revenue			Total
	Management Levy	Student Activity	Public Education Recreation Levy	
Revenues:				
Local sources:				
Local tax	\$ 210,214	\$ -	\$ 28,465	\$ 238,679
Other	13,563	241,097	398	255,058
State sources	1,086	-	147	1,233
Total revenues	224,863	241,097	29,010	494,970
Expenditures:				
Current:				
Instruction:				
Regular instruction	59,736	222,140	4,448	286,324
Support services:				
Operation and maintenance of plant services	112,493	-	13,771	126,264
Student Transportation	16,964	-	1,030	17,994
Other expenditures:				
Facilities acquisition	-	-	6,739	6,739
Total expenditures	189,193	222,140	25,988	437,321
Excess (deficiency) of revenues over (under) expenditures	35,670	18,957	3,022	57,649
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	35,670	18,957	3,022	57,649
Fund balances beginning of year	221,498	22,878	59,925	304,301
Fund balances end of year	\$ 257,168	\$ 41,835	\$ 62,947	\$ 361,950

See accompanying independent auditor's report.

George - Little Rock Community School District
Schedule of Changes in Special Revenue Fund, Student Activity Accounts
Year ended June 30, 2016

Account	Balance Beginning of Year	Revenues	Expenditures	Intrafund Transfers	Balance End of Year
Annual	6,624	6,785	5,821	-	7,588
Resale	879	3,332	4,211	-	-
General	868	35,690	36,558	-	-
Athletics	(12,639)	17,833	5,194	-	-
Baseball	3,572	425	3,997	-	-
Basketball:					
Boys	(3,077)	11,150	8,073	-	-
Boys Fundraiser	52	6,979	7,031	-	-
Girls	(3,649)	12,089	8,440	-	-
Girls Fundraiser	(2,317)	6,120	3,803	-	-
Track:					
Boys	1,797	92	1,889	-	-
Girls	711	-	711	-	-
Softball	4,784	256	7,890	2,850	-
Softball Fundraiser	1,103	1,747	-	(2,850)	-
Wrestling	-	1,070	713	-	357
Wrestling Fundraiser	125	-	-	-	125
Football	1,531	236	1,767	-	-
Golf:					
Boys	458	56	514	-	-
Girls	468	47	515	-	-
Volleyball	-	9,264	7,344	-	1,920
Volleyball Fundraiser		6,810	5,257		1,553
Cross Country	1,320	2,748	4,068	-	-
Cheerleaders	674	2,185	2,374	-	485
Speech Tournament	(1,690)	3,638	1,948		-
Music - Vocal	(401)	4,307	3,906	-	-
Music - Instrumental	1,425	1,800	3,225	-	-
Music Boosters	-	4,318	34	-	4,284
Faculty	1,533	3,383	3,305	-	1,611
Future Farmers of America	7,770	42,070	42,529	-	7,311
Future Farmers /Savings	19	-	-	-	19
National Honor Society	410	738	545	-	603
HS Student Council	1,860	1,788	2,647	-	1,001
Broadway Bound	92	18,060	18,024	-	128
Investor Group	1,541	-	-	-	1,541
Drama Club	415	5,752	6,167	-	-
Interest on Investments	-	33	-	-	33
Athletics Resale	-	365	365	-	-

Account	Balance Beginning of Year	Revenues	Expenditures	Intra- Fund Transfers	Balance End of Year
Class of:					
2013	-	1,067	6	-	1,061
2014	14	-	14	-	-
2016	654	268	799	-	123
2017	360	6,700	6,615	-	445
2018	466	10	476	-	-
2019	280	15	-	-	295
2020	80	584	525	-	139
2021	20	383	345	-	58
2022	-	1,033	930	-	103
Insurance	-	305	305	-	-
NOW Interest	-	49	-	-	49
Book Fair - George	1,122	1,771	1,403	-	1,490
MS Magazines	-	-	-	-	-
MS Yearbook	518	993	978	-	533
MS Reading Program	377	2,009	2,262	-	124
Steve Groenwold Memorial	33	-	-	-	33
Virgil Krull Memorial	333	-	-	-	333
Promotions - Middle School	696	9,632	5,631	-	4,697
Promotions - Elementary	566	4,032	1,906	-	2,692
Stem Club	1,101	1,080	1,080	-	1,101
	\$ 22,878	\$ 241,097	\$ 222,140	\$ -	\$ 41,835

See accompanying independent auditor's report.

George - Little Rock Community School District
Combining Balance Sheet
Capital Project Accounts
June 30, 2016

Schedule 4

	Capital Projects		
	Statewide	Physical Plant	
	Sales,	and	
	Services and	Equipment	
	Use Tax	Levy	Total
Assets			
Cash and cash equivalents:			
Cash	\$ 1,323,400	\$ 217,270	\$ 1,540,670
Receivables:			
Property tax:			
Delinquent	-	2,532	2,532
Succeeding year	-	322,584	322,584
Local option sales taxes	71,010	-	71,010
Due from other governments	-	102,710	102,710
Total assets	1,394,410	645,096	2,039,506
Liabilities, Deferred Inflows of Resources			
and Fund Balances			
Liabilities:			
Accounts payable	-	8,744	8,744
Total liabilities	-	8,744	8,744
Deferred inflows of resources			
Unavailable revenues:			
Succeeding year property tax	-	322,584	322,584
Other	-	102,710	102,710
Total deferred inflows of resources	-	425,294	425,294
Fund equity:			
Restricted for:			
Debt Service	1,394,410	-	1,394,410
Physical plant and equipment	-	211,058	211,058
	1,394,410	211,058	1,605,468
Total liabilities, deferred inflows of			
resources and fund balances	\$ 1,394,410	\$ 645,096	\$ 2,039,506

See accompanying independent auditor's report.

George - Little Rock Community School District
Combining Schedule of Revenues, Expenditures and Changes in
Fund Balances - Capital Project Accounts
Year ended June 30, 2016

Schedule 5

	<u>Capital Project Accounts</u>		
	<u>Statewide</u>	<u>Physical Plant</u>	
	<u>Sales,</u>	<u>and</u>	
	<u>Services and</u>	<u>Equipment</u>	
	<u>Use Tax</u>	<u>Levy</u>	<u>Total</u>
Revenues:			
Local sources:			
Local tax	\$ -	\$ 362,907	\$ 362,907
Other	7,631	5,833	13,464
State sources	432,016	1,357	433,373
Total revenues	<u>439,647</u>	<u>370,097</u>	<u>809,744</u>
Expenditures:			
Current:			
Support services:			
Student Services	-	18,113	18,113
Administration Services	-	124,644	124,644
Operation and maintenance			
of plant services	-	27,250	27,250
Student Transportation	-	27,350	27,350
Other expenditures:			
Facilities acquisition	408,289	76,989	485,278
Total expenditures	<u>408,289</u>	<u>274,346</u>	<u>682,635</u>
Excess (deficiency) of revenues			
over (under) expenditures	31,358	95,751	127,109
Fund balances beginning of year	<u>1,363,052</u>	<u>115,307</u>	<u>1,478,359</u>
Fund balances end of year	<u>\$ 1,394,410</u>	<u>\$ 211,058</u>	<u>\$ 1,605,468</u>

See accompanying independent auditor's report.

George - Little Rock Community School District
Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds
For the Last Ten Years

		Modified Accrual Basis			
		2016	2015	2014	2013
Revenues:					
Local sources:					
Local tax	\$	2,893,736	\$ 2,822,257	\$ 2,665,016	\$ 3,161,920
Tuition		99,053	83,961	86,388	84,899
Other		492,853	496,595	547,010	676,992
Bonds		-	-	-	-
Intermediate sources		-	-	-	-
State sources		2,670,162	2,621,874	2,796,736	2,339,761
Federal sources		196,960	133,049	139,075	177,175
Total		<u>6,352,764</u>	<u>6,157,736</u>	<u>6,234,225</u>	<u>6,440,747</u>
Expenditures:					
Instruction:					
Regular instruction		2,453,664	2,468,187	2,474,211	2,588,791
Special instruction		541,839	450,489	433,846	541,365
Other instruction		513,239	393,036	442,540	400,829
Support services:					
Student services		146,690	190,303	130,922	127,949
Instructional staff services		149,640	143,905	124,199	174,895
Administration services		703,804	619,340	642,179	668,873
Operation and maintenance of plant service:		494,243	499,848	460,513	421,703
Transportation services		299,249	382,802	319,036	250,430
Non-instructional programs		-	-	-	-
Other expenditures:					
Facilities acquisition		492,017	252,630	282,398	323,689
Long-term debt					
Principal		265,000	270,430	300,429	295,429
Interest and other charges		59,033	62,283	195,038	207,200
AEA flow-through		189,734	187,713	187,660	182,772
Total	\$	<u>6,308,152</u>	<u>\$ 5,920,966</u>	<u>\$ 5,992,971</u>	<u>\$ 6,183,925</u>

See accompanying independent auditor's report.

2012	2011	2010	2009	2008	2007
\$ 3,112,671	\$ 2,943,817	\$ 2,695,208	\$ 2,517,385	\$ 2,481,924	\$ 2,435,179
70,278	114,611	103,136	91,462	91,439	64,239
490,898	380,072	360,195	343,513	330,738	417,069
-	-	-	-	-	-
-	-	-	-	-	500
2,341,102	2,413,380	2,178,410	2,564,825	2,554,877	2,246,580
247,542	277,931	504,774	167,328	306,558	498,649
6,262,491	6,129,811	5,841,723	5,684,513	5,765,536	5,662,216
2,445,746	2,376,317	2,289,367	2,387,719	2,388,562	2,291,273
600,023	535,914	558,235	578,651	510,165	497,948
396,699	446,294	466,432	451,958	406,835	376,508
162,686	134,153	99,964	101,281	98,269	90,720
144,457	149,624	114,631	87,340	132,092	72,786
541,375	476,330	544,152	514,709	590,484	557,377
387,889	432,611	356,127	396,540	458,106	411,631
256,637	363,451	215,186	309,019	252,794	309,222
-	-	-	-	74	2,033
103,703	231,173	69,234	154,293	286,978	4,039,507
3,160,429	255,000	250,000	235,000	232,091	217,091
242,572	165,560	174,991	184,193	191,992	201,438
182,442	202,344	199,217	178,849	169,411	164,820
\$ 8,624,658	\$ 5,768,771	\$ 5,337,536	\$ 5,579,552	\$ 5,717,853	\$ 9,232,354

See accompanying independent auditor's report.

GRANT AND WILLIAMS INC.

CERTIFIED PUBLIC ACCOUNTANTS

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**Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards**

To the Board of Education of
George – Little Rock Community School District:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of George – Little Rock Community School District as of and for the year ended June 30, 2016, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 6, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered George – Little Rock Community School District's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion of the effectiveness of George – Little Rock Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of George – Little Rock Community School District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in Part I of the accompanying Schedule of Findings as item I-A-16 and I-B-16 to be a material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the George – Little Rock Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an object of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2016 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit is based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

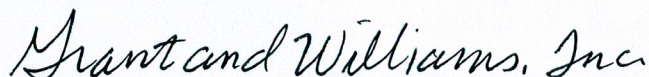
George – Little Rock Community School District's Responses to Findings

George – Little Rock Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. George – Little Rock Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of George – Little Rock Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



Grant and Williams Inc.
Certified Public Accountants
Sioux Falls, SD
February 6, 2017

GEORGE – LITTLE ROCK COMMUNITY SCHOOL DISTRICT
Schedule of Findings
Year Ended June 30, 2016

Part I: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

I-A-16 Proper controls over financial reporting include an adequate system for recording and processing entries material to the financial statements, as well as the ability to prepare the financial statements and accompanying notes to the financial statements that are materially correct. The District does not have an internal control system designed to provide for the preparation of the financial statements being audited. As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements. The District's inadequate controls over financial reporting result in the likelihood that the District would not be able to draft the financial statements and accompanying notes to the financial statements that are materially correct without the assistance of the auditors.

Recommendation – While we recognize that this condition is not unusual for organization of your size, is important that you be aware of this condition for financial reporting purposes. Management and the Board should continually be aware of the financial reporting of the District and changes in reporting requirements.

Response – Management and the Board of Education will review and approve for propriety the draft of the financial statements and accompanying notes to the financial statements prepared by the auditors. Due to the District's size, we will accept the risk associated with these conditions based on cost and other considerations.

Conclusion – Response accepted.

I-B-16 During the audit, we identified material amounts of prior year receivables and payables that were not reversed prior to completing the Certified Annual Report. Adjustments were made by the District to reverse those amounts for the District's financial statements. This appears to be due to employee oversight.

Recommendation – The District should implement procedures to ensure all prior year receivables and payables are properly reversed for the Certified Annual Report and District's financial statements.

Response – We will double check these in the future to avoid missing reversing any prior year receivables and payables.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

GEORGE – LITTLE ROCK COMMUNITY SCHOOL DISTRICT

Schedule of Findings Year Ended June 30, 2016

Part II: Other Findings Related to Required Statutory Reporting:

- II-A-16 Certified Budget – Expenditures for the year ended June 30, 2016, did not exceed certified budget approved as amended. The District did not exceed its General Fund unspent authorized budget for the year ended June 30, 2016.
- II-B-16 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- II-C-16 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- II-D-16 Business Transactions – One of the board members is also a part-time coach for the District, his salary does not exceed the Iowa State Statute amount. No other business transactions between the District and District officials or employees were noted.
- II-E-16 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- II-F-16 Board Minutes – No transactions requiring Board approval, which had not been approved by the Board, were noted. Minutes were published as required by Chapter 279.35 of the Code of Iowa.
- II-G-16 Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.
- II-H-16 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- II-I-16 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District’s investment policy were noted.
- II-J-16 Certified Annual Report – The Certified Annual Report was certified to the Iowa Department of Education timely.
- II-K-16 Categorical Funding – No instances were noted of categorical funding used to supplant rather than supplement other funds.
- II-L-16 Deficit Balances – There were no funds with a deficit balance at June 30, 2016.

GEORGE – LITTLE ROCK COMMUNITY SCHOOL DISTRICT

Schedule of Findings Year Ended June 30, 2016

- II-M-16 Statewide Sales, Services and Use Tax – No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the sales, services and use tax. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2016, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$ 1,363,052
Revenues/transfers in:		
Sale tax revenues	\$ 432,016	
Other local revenues	7,631	439,647
		<hr/>
		1,802,699
Expenditures/transfers out:		
School infrastructure		
Buildings	\$ 35,420	
Equipment	34,550	
Other improvements	338,319	408,289
		<hr/>
Ending Balance		<u><u>\$ 1,394,410</u></u>